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Thailand

Grain and Feed

Rice Update: Cold Affects Yield 2009

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Report Highlights:

MY 2008/09 rice production is expected to decrease slightly from estimates made in September due to sustained and unusually cold weather in the past month. Most of the affected areas were in the north where average yields of off-season crops will likely drop to 4.1 tons/hectare, as compared to 4.3 tons/hectare last year. Thai Government is concerned about the upcoming summer crop as water levels for irrigation are lower due to lower rain. Thai white rice exports are expected to drop significantly in the first half of 2009 as new Vietnamese rice reaches the market. Parboiled rice exports, which are currently strong, are expected to slow in the second quarter due to increased competition from Indian non-basmati rice.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Trade Report
Bangkok [TH1]
[TH]

Slightly lower-than-expected bumper MY2008/09 crop

MY 2008/09 rice production is expected to decrease slightly due to unusually cold weather in the past month. Average yields are expected to decrease by 40-50 percent in most early off-season crops (second crop) that were planted during November – December 2008, which accounts for around 10 percent of total off-season cultivation. The remainder of the off season crop suffered less damage from the cold. Most of the affected areas were in the north where average yields of off-season crops will likely drop to 4.1 tons/hectare, as compared to 4.3 tons/hectare last year. Meanwhile, main crops were reportedly not affected by unusual cold weather as most of the harvest finished with bumper crops of white rice paddy in the north and central plain due to harvested area increases and strong yields.

The Thai Government is concerned about the acreage response of off-season crops, particularly the summer crops (third crop) totalling 2-3 million rai (320,000 - 480,000 hectares). According to the Royal Irrigation Department, water will be sufficient for agriculture in 2009 as water stocks in most reservoirs are reportedly at average levels. However, water stocks from dams for irrigation are lower than the previous year's levels, particularly in the north due to lower rain. Approximately half of the summer crop relies on irrigation from dams.

Intervention program below the target

MY 2008/09 main-crop intervention program (November 1, 2008 – February 28, 2009) is expected to absorb only 5-6 million tons rather than reach the target of 8.0 million tons. Current intervention prices are becoming less attractive as domestic market prices increase due to strong demand for parboiled rice exports. Millers are sourcing white rice to meet parboiled demand as Vietnam lacks the capacity to export significant quantities of parboiled rice. Thus far, the MY2008/09 main-crop intervention program has absorbed 4.4 million tons of paddy, valued at 51 billion baht (\$1.5 billion), of which 2.5 million tons are white rice paddy, and 1.2 million tons are fragrant rice paddy. However, outstanding rice intervention stocks have reached 5.2 million tons of rice, of which 2.3 million tons were carry-over stocks, mostly from the MY2007/08 second crops.

Export prices under downward pressure

Despite a surge in export prices at the beginning of the year, export prices of white rice remained under downward pressure due to competition from Vietnamese rice which has been approximately \$200/MT lower than Thai white rice prices. Thai white rice exports will likely drop significantly in the first half of 2009 as new Vietnamese rice reaches the market. Parboiled rice exports, which are currently strong, are expected to slow in the second quarter of the year due to increased competition from Indian non-basmati rice. As Thailand's intervention stocks swell, the Thai Government will be under pressure to sell old-crop intervention stocks to enable the Government to continue the intervention program for the off-season crop. Presently, most Thai white rice exports are old-crop white rice from intervention stocks which were released last November at prices 30 percent lower than the prices were paid by the Government.

Statistical Table

Thailand's Production, Supply and Demand for rice

Rice, Milled Thailand	2006			2007			2008		
	2006/2007			2007/2008			2008/2009		
	Market Year Begin: Jan 2007			Market Year Begin: Jan 2008			Market Year Begin: Jan 2009		
	Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan
			Data			Data			Data
Area Harvested	10,270	10,270	10,270	10,600	10,600	10,600	10,700	10,700	10,700
Beginning Stocks	3,594	3,594	3,594	2,512	2,512	2,510	2,219	2,219	2,202
Milled Production	18,250	18,250	18,250	19,300	19,300	19,300	19,500	19,500	19,400
Rough Production	27,652	27,652	27,652	29,242	29,242	29,242	29,545	29,545	29,394
Milling Rate (.9999)	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
MY Imports	5	5	3	7	7	8	8	8	8
TY Imports	5	5	3	7	7	8	8	8	8
TY Imp. from U.S.	0	0	0	0	0	0	0	0	0
Total Supply	21,849	21,849	21,847	21,819	21,819	21,818	21,727	21,727	21,610
MY Exports	9,557	9,557	9,557	10,000	10,000	10,016	9,500	9,000	9,000
TY Exports	9,557	9,557	9,557	10,000	10,000	10,016	9,500	9,000	9,000
Total Consumption	9,780	9,780	9,780	9,600	9,600	9,600	9,500	9,500	9,500
Ending Stocks	2,512	2,512	2,510	2,219	2,219	2,202	2,727	3,227	3,110
Total Distribution	21,849	21,849	21,847	21,819	21,819	21,818	21,727	21,727	21,610
Yield (Rough)	3.	3.	2.6925	3.	3.	2.7587	3.	3.	2.7471

End of report